

Support HB 4497: Automatic IRAs

Expand access to retirement savings opportunities for Illinois workers.

*Introduced by Representative Deborah Mell
Co-Sponsors: Reps Carol Sente, Kimberly du Buclet*

About the Bill

HB4497 would require Illinois businesses with more than 10 employees and that have been established for more than 2 years to provide their employees with access to an Individual Retirement Account (IRA). Employees may opt-out of the Automatic IRA program and adjust their contribution at any time. To reduce administrative costs, the IRA accounts will be pooled accounts administered by the State Treasurer's Office.

Why Auto IRA?

Building Savings Over a Lifetime: Among non-retired adults ages 50 to 64, about one-third have less than \$25,000 in total savings. We must create systems that empower Illinois workers to save for their future when they first enter the workforce.

Overreliance on Social Security: Social security alone is not enough, and was never meant to sustain Illinois residents in their retirement. Yet despite their hard work, many Illinois workers are employed in jobs that do not offer a retirement savings plan to supplement Social Security.

Good for Small Businesses: Almost all larger firms administer a retirement plan for their workers. By establishing a retirement account that small business can successfully administer, the Automatic IRA proposal provides small employers with a competitive benefit at a minimal cost.

Asset Poverty is on the rise in Illinois. Asset poverty measures a family's financial vulnerability. A family is considered asset poor if, after losing their income, they are unable to live above the federal poverty level for more than three months.

Retirement Savings & Asset Poverty In Illinois

Only **46%** of Illinois workers (ages 21-64) participated in an employment-based retirement plan in 2010.

Low-income workers, particularly those that are in the service industry and those that are part-time, are less likely to be employed for a business that offers access to retirement savings opportunities.

Lack of access to retirement savings opportunities contributes to Illinois' growing asset poverty rate. **1 in 4 Illinois households are asset poor** with no savings while almost **1 in 2 Illinois households of color are asset poor.**

Contact:

Karen Harris
Director, Asset Opportunity Unit
Sargent Shriver National Center on Poverty Law
312-263-3830 / karenharris@povertylaw.org

Lucy Mullany
Senior Policy Associate, Heartland Alliance
Coordinator – Illinois Asset Building Group
312.870.4939 / lmullany@heartlandalliance.org

